

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00 DOTE-00

EB-07 INR-07 NSAE-00 FAA-00 L-03 NSC-05 SS-15 /052 W

----- 124256

R 241332Z OCT 75

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 5262

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY MADRID

AMEMBASSY OSLO

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AMEMBASSY THE HAGUE

AMEMBASSY VIENNA

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FROM USDEL

E.O. 11652: N/A

TAGS: EAIR

SUBJECT: CIVAIR: US-ECAC MEETING ON CHARTER AIR SERVICES

REF: STATE 236009

1. USDEL MET WITH ECAC DELEGATION OCTOBER 22-23 IN PARIS. ECAC COUNTRIES REPRESENTED WERE BELGIUM, FRANCE, GERMANY, IRELAND, NETHERLANDS, SPAIN, SWITZERLAND AND U.K., AND WILLOCH OF NORWAY IN CAPACITY AS CHAIRMAN OF ECAC'S CHARTER COMMITTEE AND VERES AS PRESIDENT OF ECAC.

2. AFTER US ATTEMPTED A DIALOGUE ON ISSUES, WHICH PROVED LIMITED OFFICIAL USE

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NONPRODUCTIVE PROBABLY DUE ECAC FEAR THAT CRACKS IN ITS

RANKS MIGHT BE REVEALED, ECAC INDICATED IT WAS PREPARED EXTEND EXISTING ABC/TGC MEMOS OF UNDERSTANDING AND TO ACCEPT OTC'S, BOTH FOR ONE YEAR, PROVIDED SOME FORM OF PRICE CONTROL ON OTC'S COULD BE WORKED OUT. OTHER PROVISOS, BUT OF LESSER IMPORTANCE, WERE ALSO INCLUDED. SPECIFICALLY, (1) ECAC WOULD ACCEPT AFFINITIES FOR 1976 BUT WITH "HARMONIZATION" OF 30-DAY PRELISTING REQUIREMENT, (2) 15 PERCENT SUBSTITUTION RULE FOR TGC'S SHOULD BE REDUCED TO 5 OR 6 PERCENT, AND (3) COMMINGLING SHOULD BE ALLOWED FOR ONLY TWO OR THREE CHARTER TYPES. USDEL URGED THAT THESE SECONDARY CONTITIONS BE DROPPED ON GROUNDS THEY WERE DE MINIMUS. RE PRICE CONTROL, WHICH WAS CONDITION UPPERMOST ON ECAC MIND, USDEL SAID THERE WAS NO WAY US COULD ACCEPT PREDETERMINED PRICE CONTROL BUT THAT WE WOULD BE PREPARED EXCHANGE INFORMATION, CONSULT IF PROBLEMS AROSE, AND (AS IS IMPLICIT IN OTC RULE ITSELF) MONITOR DEVELOPMENT OTC'S. ECAC PRESSED US TO SYSTEMATIZE THIS "SURVEILLANCE" SUCH AS BY HAVING MACHINERY FOR FREQUENT US-ECAC MEETINGS, BUT WE FELT THIS HAD TO BE RESISTED BECAUSE IT SEEMED CLEAR THAT ECAC OBJECTIVE WAS STILL TO ACHIEVE PRICE CONTROL BY INDIRECT MEANS. RE ONE-YEAR CONDITION, WE SAID THIS WOULD HAVE ADVERSE CONSEQUENCES IN MARKETPLACE, BUT THERE WERE OTHER DEVICES TO REFLECT EXPERIMENTAL NATURE OF OTC'S.

3. ECAC WAS APPARENTLY NOT WILLING ACCEPT THESE US SUGGESTIONS, BUT AT SAME TIME IT DID NOT FORMALLY REJECT THEM. ALTHOUGH THERE WERE IMPLICATIONS THAT BILATERAL TALKS WOULD FAIL GIVEN LACK OF FULL US AGREEMENT WITH ECAC, ONLY PURSUIT OF THOSE TALKS WILL DETERMINE WHERE WE STAND.

4. USDEL ATTEMPTED ON SEVERAL OCCASIONS TO CLARIFY ECAC POSITION ON QUESTION OF WHOSE CHARTERWORTHINESS RULES ECAC BELIEVES SHOULD APPLY. ONLY CONSISTENT REPLY WE RECEIVED WAS THAT RULES OF BOTH ORIGIN AND DESTINATION COUNTRIES MUST APPLY. WE NOTED THAT PRACTICAL EFFECT OF THIS WAS THAT, WITH POSSIBLE EXCEPTION ABC/TGC, EUROPEAN RULES (BEING MORE RESTRICTIVE) WOULD ALWAYS APPLY. SINCE THIS WAS A RESULT WE COULD NOT BE EXPECTED TO ACCEPT (ANY MORE THAN EUROPEANS WOULD ACCEPT US INSISTING THAT ALL LIMITED OFFICIAL USE

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CHARTER TRAFFIC MOVE ONLY PURSUANT TO MORE LIBERAL US RULES), WE ASSERTED THAT SOLUTION WAS APPLYING RULES OF COUNTRY IN WHICH TRAFFIC ORIGINATED. WHILE ECAC RESPONSE TO THIS POINT IMPLIED THERE MIGHT BE SOME FLEXIBILITY, WHEN PRESSED FOR FURTHER SPECIFICATION, ECAC AGAIN REVERTED TO CONCEPT THAT RULES ON BOTH SIDES OF ATLANTIC MUST APPLY.

5. IN PRIVATE CONVERSATIONS OUTSIDE MEETING, IT WAS EVIDENT

THAT THERE WAS CONSIDERABLY LESS THAN UNANIMITY AMONG ECAC COUNTRIES, BUT EXTENT OF THESE DIFFERENCES, AS WELL AS THEIR CREDIBILITY, WAS DIFFICULT TO GAUGE. SPANISH DELEGATE (GARCIA-BENITO) WAS CLEARLY OPPOSED TO PRICE CONTROL, WHILE SOME OTHERS IMPLIED AS MUCH. SOME, IN FACT, ENCOURAGED US TO MAKE A GESTURE ON PRICE CONTROL. HOWEVER, WHENEVER WE TRIED TO PROBE AND ENCOURAGE DIFFERENCES OF VIEW IN FORMAL MEETING, THE MAIN SPOKESMEN (VERES, WILLOCH, AND ROGERS OF UK) QUICKLY CLOSED RANKS AND HID BEHIND PLATITUDINOUS EXPRESSIONS OF VIEW.

6. LITTLE TIME WAS SPENT ON THE QUESTION OF BEGINNING THE THIRD PHASE OF US-CANADA-ECAC TALKS LOOKING TO A MULTILATERAL AGREEMENT ON CHARTER PRINCIPLES. ECAC PROPOSED MEETING TAKE PLACE ON MARCH 16-17, 1976. USDEL RESPONDED THAT IT QUESTIONED WHETHER PHASE 2 HAD YET BEEN SATISFACTORILY CONCLUDED BECAUSE IT APPEARED THAT ECAC HAD DEVELOPED DETAILED CHARTER RULES WITH WHICH ANY BILATERAL UNDERSTANDINGS MUST BE CONSISTENT, RATHER THAN ONLY "MAIN PRINCIPLES", AS WAS CONTEMPLATED BY THE TRIPARTITE UNDERSTANDING A YEAR AGO. SINCE THESE DETAILED RULES WERE THE BASIS FOR THE POSITION ECAC WAS NOT TAKING PRIOR TO BILATERAL TALKS AND COULD BE THE CAUSE OF FAILURE OF THOSE TALKS, THE US WOULD HAVE TO AWAIT THE OUTCOME OF BILATERAL TALKS BEFORE DECIDING WHETHER PHASE 3 COULD PROCEED. FIRESTONE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CIVIL AVIATION, MEETINGS, NEGOTIATIONS, SUPPLEMENTAL AIRLINES, AIR ROUTE AGREEMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 24 OCT 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975BRUSSE09597
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750371-0459
From: BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751021/aaaaasnc.tel
Line Count: 141
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE 236009
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 16 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 APR 2003 by BoyleJA>; APPROVED <07 OCT 2003 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CIVAIR: US-ECAC MEETING ON CHARTER AIR SERVICES
TAGS: EAIR, US, ECAC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006